

Message Text

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ACTION EB-07

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FM AMCONSUL DHAHRAN

TO SECSTATE WASHDC 5005

INFO AMEMBASSY JIDDA

C O N F I D E N T I A L DHAHRAN 1194

E.O. 11652: N/A

TAGS: EIND, MMOL, SA

SUBJECT: CANCELLATION OF DESALINATION TENDERS

REF: JIDDA 6182

1. A WELL- INFORMED CONGEN SOURCE HAD DISCUSSION SEPTEMBER 11 WITH SAUDI ARABIAN MANAGER OF GERMAN ENGINEERING FIRM -- FICHTNER -- WHICH, ALONG WITH SANDERSON AND PORTER, HAS DESIGN ENGINEERING AND PROJECT MANAGEMENT CONTRACTS ON SEVERAL SALINE WATER CONVERSION CORPORATION (SWCC) PROJECTS. HIS VERSION, AS TO WHAT LED TO HOLD ORDER ON ALL SWCC PROJECTS, SOUNDS SOMEWHAT DIFFERENT FROM VERSION PROVIDED IN REFTEL BUT TRACKS AS SAME EVENT AS SEEN FROM DIFFERENT VIEW. ACCORDING TO FICHTNER REP, (PRTECT) PRINCE MOHAMMED BECAME "CROSS-THREADED" WITH MINISTER OF AGRICULTURE AND WATER AND MINISTER OF INDUSTRY AND ELECTRICITY -- TWO MINISTRIES WHICH HAVE JURISDICTIONAL OVERLAPS WITH SWCC. BOTH MINISTERS APPEALED TO KING ON GROUNDS THAT PRINCE WAS MAKING TOO MANY ARBITRARY DECISIONS WITHOUT REFERENCE TO THEIR PROJECTS AND HIS DECISIONS WERE BASED ON INSUFFICIENT PLANNING.

2. FICHTNER MANAGER TOLD OUR SOURCE THAT PHASE IV OF JIDDA DESALINATION PROGRAM HAS BEEN PERMANENTLY SHELVED AS HAS WATER
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LINE TO RIYADH. HOWEVER, ALL ONGOING PROJECTS OR PROJECTS IN

WHICH CONTRACTS HAVE BEEN SIGNED WILL NOT TO BE AFFECTED BY ORDER. FICHTNER REP UNDERSTANDS THAT AL-KHOBAR DESALINATION PROJECT WILL MOVE AHEAD BUT AT MUCH ALOWER PACE THAN PLANNED. PHASE 2 AND 3 OF JIDDA PROJECT ARE TO BE IMPLEMENTED AS PLANNED. SOURCE CONFIRMED, AS WE REPORTED IN DHAHRAN 1149, THAT DESIGN WORK ON JUBAIL PROGRAM WILL CONTINUE BUT THERE IS NO DECISION IN IMMEDIATE OFFING AS TO WHEN OR IF MAMMOUTH JUBAIL PROJECT WILL BE IMPLEMENTED.

3. ACCORDING TO LOCAL OFFICE OF THE US CORPS OF ENGINEERS, THE HOLD ORDER (AND POSSIBLE CANCELLATION) OF THE JUBAIL PROJECT HAS IMPORTANT CONSEQUENCES FOR SAUDI NAVAL EXPANSION PROGRAM. WHEN PLANS FOR JUBAIL NAVAL BASE WERE DRAWN, A SMALL DESALINATION PLANT WAS INCLUDED. LATER NAVY'S PLANT WAS CUT FROM PLANS ON THE UNDERSTANDING FROM SWCC THAT IT WOULD BE ABEL TO PROVIDE, BY 1980, ALL THE FRESH WATER NEEDED. THUS, IF SWCC'S JUBAIL PROJECT IS CANCELLED, THIS HOLDS PROSPECT OF DELAYING FULL USE OF NAVAL BASE AS DESIGN WORK AND CONTRACTS FOR NAVAL BASE DESALINATION PLANT WILL HAVE TO GO FORWARD AT A DELAYED PACE. ALSO A SOURCE INVOLVED WITH PLANNING OF POWER GRID IN EASTERN PROVINCE EXPRESSED CONCERN THAT ANY DELAYS IN SWCC'S AL-KHOBAR PROJECT WILL THROWN POWER GENERATION PLANS ASKEW IN PROVINCE. BY 1980 GRID WAS TO RECEIVE ELECTRIC POWER PRODUCED BY EXPANDED SWCC DESALINATION PLANT AT AL-KHOBAR. AS THAT PROJECT IS DELAYED, CARSH PROGRAM WILL HAVE TO BE IMPLEMENTED NOW IN ORDER TO COVER ANTICIPATED DEMAND THAT WAS TO HAVE BEEN COVERED BY SWCC.
BUSHNELL

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